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SUBJECT: KUWAIT'S PARLIAMENT PASSES GCC MONETARY UNION  
AGREEMENT

REF: KUWAIT 853

11. (SBU) On December 8, prior to moving to "grill" the Prime Minister and three other members of the cabinet (septel), Kuwait's National Assembly unanimously approved the GCC monetary union agreement and its charter. Discussion was remarkably limited and debate almost non-existent, although liberal MP Marzouk Al-Ghanem stressed that the matter would need to return to parliament for either a vote or review prior to implementation -- even if it were delayed by ten years. (Note: Constitutionally Kuwait would need an enabling law before it could replace its currency with a common currency. The relevant article states that "coins shall be minted in the name of the Amir in accordance with law." End note.)

12. (SBU) Comment: Parliament's decision can be seen more as a political statement of support for the GCC in advance of next week's summit, than any real effort to move Kuwaiti economic reform forward. Given the relatively small size of the Kuwaiti marketplace and extensive investments in the rest of the GCC, Kuwaiti businesspeople understand the potential benefits of a closer GCC economic union. That said, everyone in Kuwait expects actual implementation of the currency union to slip. Parliamentary approval, however, does provide an important indication of continued Kuwaiti support for the project, which is may prove helpful to the cause given that only four of the six member states plan to join the currency union. End Comment.

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